Un-mortgaging America

The state of American mortgages is big news. The media wants you to believe we are experiencing an unprecedented loss of residential home values. Current facts and historic trends do not support this. 2002 mortgage defaults were higher than 2007 (*Inside Mortgage Finance*.)

On average in 2007, home prices are off about 1.4 percent nationally. This is the first time since 1929 that average house price appreciation is negative. However, this follows a value run-up of over 100 percent in the last five years per the U.S. Office of Federal Housing Enterprise Oversight (OFHEO.)

Nothing is more recession-resistant and valuable than a nice home in a good school district, except maybe a home with a carefully managed mortgage payment strategy or better, one that is mortgage free. But how could this be possible?

Zero to (Three Hundred and) Sixty Backwards

This strategy is based on a simple question:

If your lender can use your money to earn higher interest, using this same money why can't you pay down your mortgage faster?

But how is it possible, using your money more wisely and with no change in lifestyle, to pay down your mortgage ten to fifteen years faster than a typical 360-month principal and interest (P&I) mortgage?

Too Good to Be True?

We greeted this with skepticism. We had heard of making mortgage payments every two weeks. Clearly paying 13 months' worth of payments every 12 months would shorten a mortgage term. But collapsing the mortgage term as much as 60 percent and cutting interest by 50 percent, seemed to defy logic and good sense.

If this was so obvious, why hadn't major American financial services companies embraced this strategy to offer customers a competitive advantage? The answer: Until now no one anywhere had built a homeowner mortgage management tool that was not part of a major lending system or dependent on the homeowner refinancing their home.

Making Mortgage Payment Acceleration Work for You

We asked the question of a number of banks, mortgage lenders and accountants. Nearly every one of them had little or nothing to say. We then discovered a newly emerging group of companies who provide products or loans that incorporate mortgage payment acceleration features. This supplement discusses the opportunity, the issues, the financial process and the alternatives.

We talked to the people behind these companies and offerings to understand the vision, the logic and the objectives of these providers.

We came away with two impressions:

1. Mortgage payment acceleration is a very viable strategy that should be understood by anyone who desires to build and secure personal assets, including homeownership.
2. Market leadership is only possible with a vision, sound product, full-time customer service by a dedicated support organization and wide distribution by a committed sales force.

We found the Money Merge Account™ system from United First Financial™ as the leader in this market. We believe our findings will complement your personal research and experience.

United First Financial Places Clients' Finances First

On the basis of our research, we award United First Financial and their Money Merge Account system with the 2008 Personal Real Estate Investor Magazine Editors' Choice Award for client mortgage innovation. The Money Merge Account system simplifies a complex world so homeowners can manage their financial condition better. This aid to improved homeowner comprehension and control of their financial condition is a seismic shift for the mortgage industry and can deliver savings and wealth to clients. This we applaud.

Good luck and may God speed you to mortgage freedom.

MECHANICS OF THE MONEY MERGE ACCOUNT™ SYSTEM

Studies show that using a hybrid account strategy can potentially reduce a traditional fixed-rate mortgage by one-third to one-half the time with little to no change to your lifestyle or refinancing of your existing mortgage. Goldreich of The London Business School confirms account holders are advantaged by these strategies.

Simply compare a traditional mortgage repayment with the Money Merge Account system as offered by United First Financial™. A fully amortized 30-year, $136,000 mortgage at 5.25 percent, paid through conventional monthly payments results in a total repayment of $270,784 – nearly twice the cost of the home. The Money Merge Account system can help repay the same mortgage in 11.3 years with a total repayment of $181,217 yielding a savings of $89,566.

This uses the homeowner's same income, same mortgage, at the same interest rate, with little or no change to their current standard of living. The change occurs by making all deposits into a dynamic credit line based on a standard home equity line of credit from your existing bank or lender.

MONEY MERGE ACCOUNT SYSTEM BUILDING BLOCKS

The Money Merge Account system consists of three major components:

1. Existing Primary Principal and Interest mortgage

The existing mortgage on your home is the foundation for a Money Merge Account™ system.

2. Advanced Line of Credit (ALOC)

This home equity line of credit must operate similarly to a primary checking account and have an open-end interest calculation rather than the closed-end interest calculation of a traditional mortgage.

3. Client account analysis and insight

via Web-based software that allows the homeowner to manage allocation of the money in the credit line that generates an interest cancellation or offset on the primary mortgage. See Figure 5.

TIME IS MONEY - BOTH BELONG TO THE CUSTOMER

The United First Financial online Money Merge Account system makes virtual connection between your accounts, including the advanced line of credit, and your primary mortgage. All income is paid into the credit line which acts like a checking account.

Each time income goes into the credit line, it also reduces the mortgage balance. As the mortgage balance is reduced, the lower balance accrues lower interest. By decreasing the balance on which interest accrues, the proportion of the monthly payment credited toward the principal pay down goes up. A program like the Money Merge Account system is designed to make sure the account holder gets the highest interest savings possible in the least amount of time.

Personal expenses are paid out of the equity line in a similar manner to an ordinary checking account. The homeowner may also elect to earn additional time by placing as many of their recurring expenses as possible on a credit card and pay this off once a month. The payment is deferred for up to thirty days so the lower equity line balance incurs less interest.

This all works on the magic of open-end interest. The preferred interest combination is working for the homeowner to pay down their mortgages and loans and for their financial institution by having high quality borrowers with current payments.

The ability to map and understand these dynamic account relationships is only possible with Money Merge Account system from United First Financial. See Figure 6.

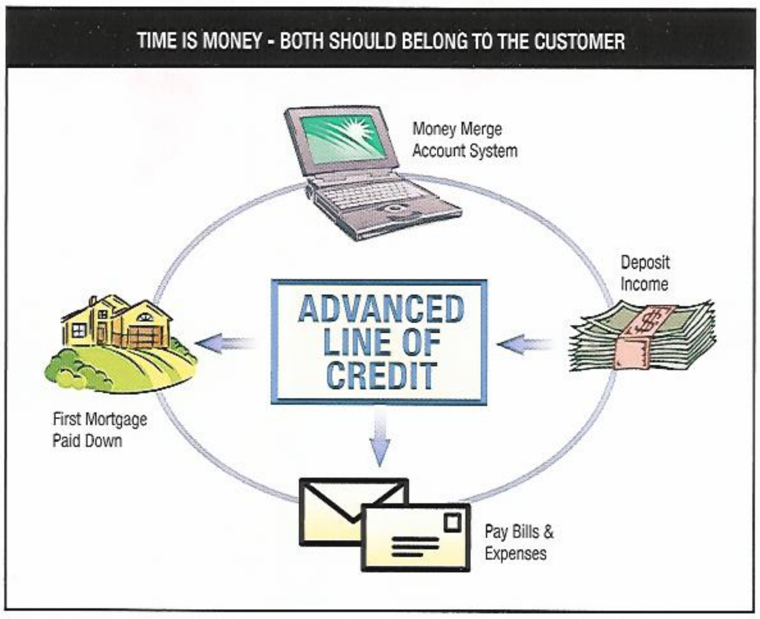

Figure 5: At the heart of this system is your relationship with your bank or lender. The Money Merge Account system is your financial interface in managing this relationship with a centralized view, control and analysis. "What If" is a powerful feature of the Money Merge Account system that allows the client to test various debt and payment scenarios, such as what is the immediate and long-term effect of that next purchase? The Money Merge Account system allows you to find the answer.

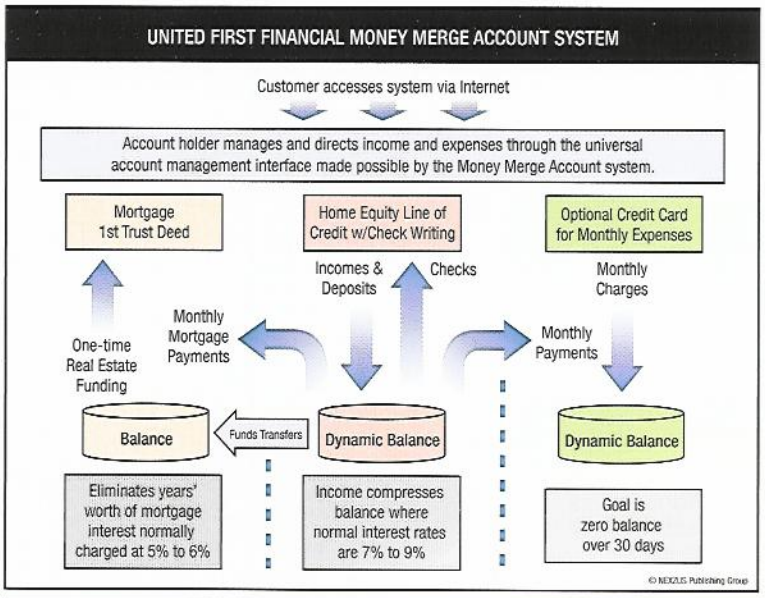

Figure 6: United First Financial offers a customer-friendly consolidated management solution to the complexity of more than one bank account and loan. The Money Merge Account system gives the user an integrated view of their accounts at any bank or lender. The Money Merge Account system user can manage their entire financial picture and direct money to where it has the most effect and pays down debt faster.

LIFE GOES ON

The Money Merge Account™ system goes beyond an interest management tool that helps find the most cost-effective strategy for financial decisions. The line of credit established with the Money Merge Account system typicallyincludes a checkbook, debit card, telephone, and Internet access; you can draw on your money whenever you like.

1. What is the best way to fund a major expenditure?

Paying for your child's education, or buying a new car, holiday home, or boat can be funded in a number of ways.

a. Pay a lump sum?

A typical mortgage is a one-way transaction. Your mortgage payment goes into an account that can only be accessed by a complete refinance. The Money Merge Account system allows you to pay upfront while using your discretionary income to pay your balance over time.

b. Borrow at a mortgage-style rate?

Most people borrow money to make a major purchase. The Money Merge Account system shows clients how use a low morgage-style interest rate by setting up a lump sum transaction or a monthly payment plan.

c. What is the best way to buy a second home or investment property?

The loan managed by the Money Merge Account system is secured against your home. Clients may spend up to 100 percent of the property value. The Money Merge Account system lets you manage this equity to buy a second property, by borrowing at a very low mortgage-style interest rate while retaining the flexibility to pay back as quickly or as slowly as you like.

2. How does a short-term illness, unemployment, maternity or paternity leave, or job transfer affect a Money Merge Account system plan?

The Money Merge Account system can quickly repay the mortgage when an client's income is interrupted. The Money Merge Account system uses the buildup of home equity to pay for the daily or monthly costs until income returns. The Money Merge Account system can help adjust budgets, analyze where money is going, plan spending for the month, work out what you'll have left over, as well as set longer term plans for repaying your loans.

3. Unexpected income, such as an inheritance or bonus

The Money Merge Account system is a great way to help you manage lump sums as you transfer them into the equity line and reduce the total loan balance.

4. How to fund home improvements

The most cost-efficient way to fund a home extension or renovation is using the equity in your home. Because the Money Merge Account system can use a home equity line of credit secured by the equity in your home, you can potentially have access to up to 100 percent of the equity.

5. Managing irregular Income

a. Commission-based or other irregular income

The Money Merge Account system allows clients to manage finances in line with cash flow. When there is more income, the Money Merge Account system allows the successful commission earner to reposition more and save more interest. With less income, The Money Merge Account system can help with a reverse strategy that frees the commission or bonus earner from the usual low annual income and high sporadic commission or bonus cycle. Money is available to smooth out these income hills and valleys and meet recurring expenses. Deposited lump sum commission income saves interest while paying down the equity line loan balance until it is needed.

b. Self-employed

Self-employed clients need better tools to manage money. The Money Merge Account system helps save thousands by paying less interest on loans.

The Money Merge Account system helps manage payments in line with cash flow without penalties or charges. Each month the client can decide how much to pay more or less, as long as the minimum monthly loan payments are met.

Self-employed clients also have access to online and telephone support staff who can point out flexible options to address the challenges posed by income that varies each month..

EXPERTS AGREE

Dolf de Roos, Ph.D., Engineering, Canterbury (University of New Zealand) 1974, is the author of New York Times Best Seller "Real Estate Riches," which has sold more than 800,000 copies worldwide. It has been translated into many languages, and has been a bestseller in five countries. Dr. de Roos is an internationally acclaimed investor, author and educator, who has taught in more than 20 countries. Dr. de Roos focuses on real estate investing and the psychology of creating personal wealth and well-being. Dr. de Roos has done hundreds of real estate transactions and is well-positioned to talk about mortgages and mortgage acceleration.

David Goldreich, Ph.D., Financial Economics, Carnegie Mellon University, 1997. In 1999, while at the London Business School, Dr. Goldreich validated research that proved that 80 percent of U.K. mortgage loans with balances of $80,000 (U.S. equivalent) or more would be better off using a mortgage acceleration payment strategy.

These two international experts agree that the net effect of flexible mortgage payment acceleration plans, like those offered in the U.S. by United First Financial™ and in the U.K. by Virgin Financial with the Royal Bank of Scotland, can dramatically reduce the length of time that it takes to pay off a mortgage.

Editors Note: *Personal Real Estate Investor Magazine* has gathered the facts and done the homework necessary to help readers find the resources to help decide if this program is appropriate for their circumstance. Please do your own analysis to determine if the Money Merge Account system will work for you.

Get Started, Get Saving:

United First Financial™ has built a product that *Personal Real Estate Investor Magazine* finds worthy of serious consideration by anyone who owns a home. If you desire to pay off your mortgage faster, educate your children, generate a nest egg or investment fund, managing the equity in your home is hands-down one of the most reliable and secure ways to achieve these goals.

CONSIDER

1. The most significant step in this process is deciding that your mortgage does not run you. Rather it's there to serve you and improve your lifestyle.

2. The next step is to investigate your options. We hope this document has explained the issues and alternatives you can use to take control of your mortgage plan. Visit www.unitedfirstfinancial.com for videos, customer testimonials and answers to frequently asked questions.

PLAN

3. Contact your local United First Financial agent. If you don't know an agent, contact United First Financial at 1-888-445-7122 or go to www.unitedfirstfinancial.com to gain an introduction.

4. You will be invited to a one-on-one presentation or a scheduled seminar on how the Money Merge Account™ system can work for you.

5. Having you personal numbers handy will help. Treating this information with the required confidence, the United First Financial agent can demonstrate what is possible for you. Fill out a copy of the Money Merge Account Worksheet that is available from your United First Financial agent. Knowing your credit score will help too, as a higher score can accelerate your payoff.

From here you can expect your United First Financial agent to provide you with a realistic scenario of how to pay down your mortgage in substantially less time than is currently planned.

ACT

6. Activate your Money Merge Account managed line of credit. Note that you and your lender control your money, NEVER United First Financial.

7. Deposit your paycheck into your checking and/or savings account. As the funds clear, the amount you designated is transferred from your checking and/or savings account into your Money Merge Account system managed line of credit. Immediately the link between the line of credit and the mortgage begins working to reduce the interest owed.

GET AHEAD

8. Throughout the month, pay your bills using your Money Merge Account managed line of credit. Your money is immediately available through checks, debit cards, and ATMs*. The amount of money left in your account after your bills have been paid remains against the balance of your line of credit until you need it, keeping your line of credit as low as possible and further reducing the interest charges on the line of credit.

9. At optimal times, the Money Merge Account software will prompt you to make funds transfers from your line of credit to your primary mortgage reducing the overall interest you will pay on your mortgage.

10. Follow the advice of the online Money Merge Account system to maximize your savings and pay off your mortgage as quickly as possible.

*We encourage homeowners to do their homework and get the facts before deciding if the Money Merge Account system is right for them. Remember not all lenders provide the same terms and services with their lines of credit. Please ask your lender which services they provide with their lines of credit. United First Financial does not provide financial or investment advice.